

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2015-030-00484R

Parcel No. 08-18-400-004

Samantha Johnson,

Appellant,

v.

Dickinson County Board of Review,

Appellee.

Introduction

This appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on December 30, 2015. Samantha Johnson was self-represented and requested her appeal proceed without a hearing. Lonnie Saunders was counsel for the Board of Review.

Johnson is the owner of a residential, one-story, manufactured home located at 1778 285th Avenue, Spirit Lake. It was built in 2002 and has 2009 square feet of living area, two decks, and a small stoop. It has no basement. There is also a 4352 square-foot pole building on the property. The site is 4.71 acres.

The property's January 1, 2015, assessment was \$174,700, allocated as \$36,800 in land value and \$137,900 in improvement value. On her protest to the Board of Review, Johnson asserted the assessment was not equitable as compared with assessments of other like property and that the property was assessed for more than the value authorized by law under Iowa Code sections 441.37(1)(a)(1)(a-b). The properties Johnson listed in the area of the form reserved for an equity claim were the sales comparables from an appraisal also attached to the petition. Therefore, we find Johnson's real claim was the property was over assessed. The Board of Review denied the petition.

Johnson then appealed to PAAB asserting the subject property's assessment should be \$110,000. Johnson's appeal also states the property was "misclassified" because it is a manufactured home rather than a modular home as reported on the property record card. Although it would appear Johnson's claim is akin to one of error; we interpret her actual claim to be that the improvements are incorrectly listed for purposes of valuing the property by the cost approach and thus result in the property's over assessment.

Findings of Fact

Johnson purchased the property as a foreclosure from the Department of Veteran Affairs (DAV) in June 2013 for \$94,000. It appears the DAV acquired the property in January 2012 for \$122,942. (Ex. F). Because the property was agency-owned at the time it sold, the sale is not considered a normal transaction for assessment purposes.

However, in addition to noting the purchase price, Johnson submitted an appraisal report prepared by Damon Pedersen, Rock Rapids, Iowa. Pederson developed the sales comparison and cost approaches in arriving at his opinion of a fair market value of \$110,000, as of April 2013.

Pedersen selected five comparable properties for his sales comparison analysis, summarized in the following chart.

	Date of Sale	Sale Price	Site Size (Acres)	Gross Living Area (GLA)	SP/SF	Adjusted Sale Price	Adjusted SP/SF
Subject	Apr-13	\$ 94,000	4.35	1946	\$48.30	N/A	N/A
1648 260th St	Dec-12	\$120,000	4.30	1232	\$97.40	\$114,780	\$93.17
3610 Hwy 9	Sep-12	\$ 89,900	0.32	1552	\$57.93	\$103,270	\$66.54
2843 Hickory Ave	Apr-12	\$133,000	3.45	1680	\$79.17	\$115,220	\$68.58
501 Ave B West	Jun-11	\$128,500	2.05	1569	\$81.90	\$123,490	\$78.71
1810 Hwy 9	May-11	\$ 70,000	1.03	940	\$74.47	\$96,480	\$102.64

We note some discrepancy in the reported site size and gross living area (GLA) between Pedersen's appraisal and the property record card for the subject, but they are

minor discrepancies that do not affect his conclusions. Ultimately, we decline to rely on Pederson's appraisal as evidence of the 2015 market value of the subject property because it relies on sales that occurred in 2011 and 2012, and opines a 2013 market value.

However, we do find the appraisal provides significant description of the subject property and its construction. Although we decline to rely on his value conclusions, we note Pedersen relied on MARSHALL & SWIFT for his cost analysis and identified the subject as an average-quality manufactured home. (Appraisal p. 2). Pedersen reports the manufacturer's serial number and HUD Certification label identifying the subject improvements as a manufactured home. (Appraisal p.1).

In contrast, the assessment values the subject improvements as a one-story home with a basement based on the Iowa Department of Revenue's IOWA REAL PROPERTY APPRAISAL MANUAL 2008. (Ex. F). The subject assessment has a base value of \$143,290, which is directly from the MANUAL, p. 7-52. This cost is adjusted by - \$24,760 for the lack of a basement area, resulting in a base cost of \$118,530, or \$59.00 per-square-foot.

Comparatively, the base cost of a 2000 square-foot manufactured home is \$88,150, or 44.01 per-square-foot. (MANUAL, p. 7-75). Applying the remaining costs and adjusting for grade multiplier, physical depreciation, and map factor, the value of the subject improvements as a manufactured home using the MANUAL is \$106,200 (rounded).

The Board of Review submitted property record summaries for Pederson's comparable sales. (Exs. A-E). It also submitted a summary statement of its position. (Ex. N). The Board notes that two of Pederson's comparable properties (Exs. B-C) were located outside of Dickinson County, and one was located within the city limits of Lake Park (Ex. D). First, we note that comparable properties for an over-assessment claim may be selected from outside the taxing jurisdiction. However, we do not find it necessary to provide additional analysis of Pederson's appraisal because PAAB has already determined its conclusions are not reliable for a 2015 market value opinion.

The Board also submitted several 2014 sales, which it asserts provide three indications of land value by the extraction method. (Ex. G- J). There is minimal analysis presented and PAAB is unable to determine how the Board arrived at its conclusions. We also note the first sale (Ex. G) was identified as a partial interest; and the remaining two transactions appear to be two adjoining parcels that sold together, and we question their reliability for analysis. We give this evidence no consideration.

Lastly, the Board submitted property record cards of two 2014 sales. (Exs. L-M). It does not provide any analysis of the sales or compare them to the subject property to arrive at an opinion of market value. We give this evidence no consideration.

Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not

available to determine market value then “other factors,” such as income and/or cost, may be considered. § 441.21(2).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property’s correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

Johnson submitted an appraisal prepared by Damon Pedersen, with an effective date of April 2013. While we do not rely on the conclusion of value determined in the appraisal, we find the appraisal identifies the subject property is over assessed. The appraisal clearly identifies the subject property as a manufactured home. Serial numbers reported in the appraisal are consistent with the numbers reported in the “notes” section of the property record card (Ex. F, p. 7). Although the subject property is a manufactured home, the assessment is based upon the cost of a stick-built, one-story home rather than the cost for a manufactured home. (Manual pp. 7-52, 7-75). This results in over assessment.

The following chart values the property using the cost for a manufactured home.

Description	Units	Price
Manufactured Home	2009	\$ 88,150
Adjustment for Basement		\$ 0
Add for Central Air	2009	\$ 3,200
Deck #1	168	\$ 2,688
Deck #2	128	\$ 2,048
Deck #3	20	\$ 320
Plumbing	4	\$ 4,100
Appliances	1	\$ 650
Fireplace	1	\$ 3,900
Building Sub Total		\$105,056
Grade Multiplier		1.12
Physical Depreciation		5%
Depreciated Cost (Rounded)		\$111,800
Map Factor		0.95
Appraised Value (Rounded)		\$106,200

Based on the foregoing, we find that the subject property's correct assessment should be \$144,000, as summarized in the following chart.

Improvements	\$106,200
Outbuilding	\$ 1,000
Land	\$ 36,800
Total 2015 Assessment	\$144,000

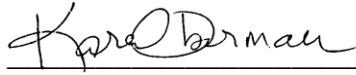
Order

IT IS THEREFORE ORDERED that the Dickinson County Board of Review's action is modified to \$144,000.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court

where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

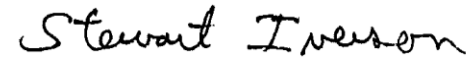
Dated this 24th day of February, 2016.



Karen Oberman, Presiding Officer



Jacqueline Rypma, Board Member



Stewart Iverson, Board Chair

Copies to:

Samantha Johnson

Lonnie Saunders

Dickinson County Auditor